

NOT SENT

Mr. Ollie Boileau
President
Boeing Aerospace Company
P.O. Box 3999
Seattle, Washington 98124

Dear Mr. Boileau:

Since our meeting some weeks ago at which you urged that the Department of Transportation reconsider its rejection of Boeing's claims in connection with its work on the Morgantown project, I have had an exhaustive review made of each of these claims, and our respective positions on the issues involved.

Based upon the results of this review, and my analysis of the relevant facts, I believe that the Government acted properly in denying your claims. Of course, questions are present which reasonable people could answer differently. On balance, however, I believe that the Government's position that Boeing is not entitled to an adjustment in contract price is well taken.

It is properly the function of the DOT Contract Appeals Board to resolve disputes such as these. Your claims have been docketed by the Board, and will be considered and decided in accordance with the Board's rules. There are, of course, alternatives which might be preferable. Since Boeing is so close to the completion of all of the work under the contract, I have suggested to the contracting officer that he might consider the desirability of attempting to negotiate a settlement of all of Boeing's claims once the work is completed and all of the claims have been identified. I hope that you will also consider this possibility.

Sincerely,

William S. Heffelfinger

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